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WORKING PAPER

INTELLIGENCE COMMUNITY STAFF

22 April 1977

NOTE FOR: Director, OPEI/ICS

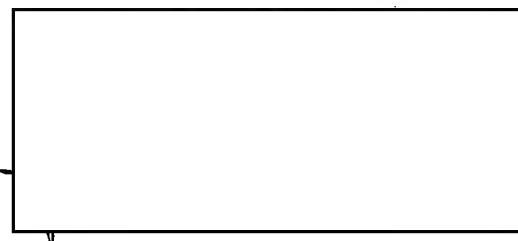
FROM : Director, OPBD/ICS

Fritz:

Attached are a collection of papers which are the contributions by various IC Staffers in response to the questions outline the working group developed. I understand that this was wanted by cob today.

These papers were assembled to provide thoughts and serve as a stimulus to you before task 3 drafting began. As such, they are, and should be treated as think-pieces, not ICS or DCI position papers. Finally, they address many, but not all the questions raised in the outline.

I think they will provide sufficient fodder for the working group to begin chewing on ...



INFORMATION

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I A. CFI

Question 1: How and how well was the job of NFIP program development, budget preparation and resource allocation performed.

The Community's programming and budgeting procedure is based upon the Government-wide system. To facilitate program review and budget decisions, the programming and budgeting cycle is closely tied to the Defense Department procedures since nearly [redacted] intelligence resources are managed directly by Defense. While exceptions to the rule are permitted in certain instances for reasons of intelligence security, the system for programming and budgeting is virtually standard.

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For several years prior to 1976, the method of program review and decision-making involving the DCI was less comprehensive and less definitive than it is today. To begin with, the former Intelligence Resources Advisory Committee (IRAC), chaired by the DCI, included not only Intelligence Community principals, but OMB participation as well. OMB participation became an inhibiting factor in Committee discussions of issues and problems which, if discussed fully, might serve OMB challenges in the final budget trimming process. Apart from the IRAC, the DCI chaired an Executive Committee (ExCom) which dealt separately with [redacted]

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[redacted] programs. ExCom meetings were scheduled quarterly while IRAC convened on demand and at major points in the programming and budgeting cycle. Thus, a central review and decision process for the total NFIP did not occur until nearly the end of the cycle, when development of an NFIP budget requirement for the President's approval was nearly completed.

In reality, the DCI's role (except on the CIA program) was largely one of aggregating the program managers' positions and budgetary requirements. Responsibility and accountability for the NFIP rested as much, if not more, with program managers than it did with the DCI. The finalized NFIP was presented and articulated by the DCI to the President. It included the DCI's rationale for the program, justifications for program elements, issues of major concern to the Community, and an explanation of how the program would serve to ameliorate or solve intelligence problems and meet future challenge.

Throughout, the DCI exerted influence in a collegial program and budget decision process. His role in this regard stemmed from a Presidential Directive memorandum of November 1971 which encouraged the DCI to exercise greater leadership concerning the NFIP, but without clear authority over Intelligence Community resource decisions.

In 1976, E.O. 11905 reinforced the role of the DCI, but it still did not provide him with direct authority over resources other than those of CIA. His influence, however, was enhanced by an institutional reform which centered responsibility for intelligence resource control in the DCI-chaired CFI and, for the first time, directed the preparation (by the CFI) of a consolidated intelligence budget--in contrast to a DCI-recommended program budget. This step brought responsibility for resource decisions closer to the DCI but, as in the past, in a collegial setting.

This reform did, however, permit some significant accomplishments during that year. A sense of Community began to crystalize, due in large measure to the CFI's decision-making role (a role DoD accepted reluctantly). The programming and budgeting cycle was adjusted to facilitate more comprehensive reviews of the NFIP. The Intelligence Community Staff was strengthened to provide greater support to the DCI, the CFI, and the Community in coordinating program and budget reviews. The CFI convened more than twenty times in 10 months and reviewed the NFIP in its entirety--all program managers' recommendations--during the month of July. Programs were judged both on their individual merit and on their value to the total program. The CFI decided on thirty issues of significance of the Program. The fall budget review resulted in an overall budget trim by the CFI of more than [redacted]

A significant effort was made by the Committee to set the stage for cross-program tradeoffs to minimize resource duplication, functional redundancy, or to lower operational costs at minimum risk to intelligence priorities. One such example was the CFI decision to fund the imagery satellite mix at a level which would preserve options during the initial operational period of the new system. To offset a major part of that cost, the CFI decided against accelerated development and acquisition of a follow-on to an outmoded SIGINT system.

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Finally, the CFI established new and more meaningful directives governing programming procedures--substance and format for Committee review, reprogramming guidelines, and at year end, the CFI provided program managers with more complete and specific guidance than in years past for development of five-year programs.

While the CFI moved with vigor in its first year, the Committee's focus centered for the most part on surface issues. An in-depth assessment of the base program did not occur. The "turf" of each program manager was largely preserved in the decision process. The budget for each NFIP constituent program increased for FY 1978--driven by both economic inflation and program initiatives. In a collegial decision process where direct authority and responsibility for intelligence resources are diffused, the difficult decisions--for example, to shrink or cut an entire program of diminishing value--are unlikely to occur. Such a decision, if surfaced, would undoubtedly be raised to a higher decision authority--the NSC and the President. Increased DCI authority for Community resource allocation would tend to stimulate a more effective decision-making process.

IA

Question 1a: Problems encountered

The first year of program and budget development under E.O. 11905 was made more difficult than necessary by the need to establish procedures for the CFI and ICS review process simultaneously with the actual program and budget development. Complex interrelationships of the Department/Agencies, Program Managers, ICS, CFI, and OMB had to be worked out. Program Managers and Departmental Agencies (especially Defense) were reluctant to accept the implications of E.O. 11905, especially as regards the decision-making authority of the CFI with regard to their respective programs. These procedural battles, both time consuming and divisive, generally aimed at reducing the CFI role to an advisory one reserving actual decision-making authority to heads of Departments/Agencies. Only persistence and a general reluctance to escalate the confrontation to the NSC level (for fear of an undesired outcome) prevented the CFI from being relegated to a mere advisory role.

Other problems of both procedure and substance, especially developing procedures and methods for cross-program analysis existed and continue. However, these are chronic problems which can only be resolved over time in a stable, definitive, and broadly accepted management structure--a condition the CFI never fully achieved.

TA

Question 1b: Strengths, Weaknesses (of the CFI)

The strengths of the CFI and the program and budget process which emerged were:

1. The collegial character of the CFI made the DoD and NSC a party to the decision process with the DCI. In a cooperative environment this should make possible the incorporation of the views and interests of the principal sources of policy, requirements, and resources in the decision process.
2. The Program Managers were present for all program and budget reviews. They were afforded full opportunity to present their programs and budgets to the CFI (acting as a Board of Directors) and were required to defend their recommendations before the Board in the presence of their peers. Program Manager interaction was a major, and somewhat unexpected, feature of these meetings.
3. The ICS emerged as a functioning staff element of the CFI and began the process of providing a central focus for U.S. intelligence activities even to monitoring, for the first time, intelligence-related activities for unwarranted duplication and adequacy of information exchange.

The weaknesses of the CFI and the program and budget review process which emerged were:

1. The collegial nature of the CFI, given the ambiguities of E.O. 11905, resulted in undue and disruptive discussion of procedures which were a mechanism for ensuring that the CFI would evolve as a recommending body only. Though these efforts were not successful, they did prevent the CFI from focusing its full attention on the more substantive program and budget issues and made more difficult an in-depth addressal of cross-program issues.
2. The ICS was growing and reorganizing at the same time it was adapting to a new role, which was itself ill-defined and buffeted by the procedural controversies surrounding the CFI itself.

IA

Question 1c: IC Staff role

The IC Staff role was that of the Staff of the CFI. Given the difficulties, it performed that role well. In spite of repeated efforts to isolate it from Program Managers, the IC Staff became the central focal point for all program and budget issues to be considered by the CFI or to be debated by the CFI with OMB and the President. It marshalled the facts, analyzed them, and developed recommendations which were presented to the CFI by the D/DCI/IC. It took follow-up action to implement CFI decisions, developed program and resource guidance for development of the FY 79 program and budget, and undertook to do or have done studies needed for future resource decisions of the CFI.

16%

JA

Question 1d: DoD relationship

Throughout the FY 78 review process, the DoD role can best be described as obstructionist. It sought, through procedural debate, to prevent CFI from developing as a decision-making body which would infringe on the unilateral decision-making powers of the Secretary of Defense. By issuing instructions not to respond to IC Staff correspondence or queries without DepSecDef approval, by selectively disseminating or delaying CFI and ICS documents, and by delaying or ignoring submission of inputs and studies, DoD attempted to hold the CFI in check in order to preserve the traditional (in their view) role of DoD in resource allocation. Once beyond the initial period of organization and only at the meeting table, did the CFI function reasonably smooth--the normal give and take over issues took place in a reasonably constructive atmosphere. Between meetings and particularly when attempting to implement CFI decisions is where the obstructionist strategy was employed in full force.

LA

Question 1e: Cross-program trade-offs?

As previously described, the unnecessarily traumatic growing pains of the CFI program and budget review process precluded extended cross-program analysis and trade-offs. However, it must also be recognized that neither the procedures nor methods for cross-program trade-offs exist anywhere so that each effort in this direction is plowing new ground. Some limited work has been accomplished such as within overhead imaging systems, but a lot more needs to be done if we are to evaluate trade-offs between dissimilar systems such as SIGINT and HUMINT.

f₄ b

IA

Question 1f: "Real" impact on resource allocation decisions.

What is a "real" impact? Over [redacted] was cut from the budget submissions of the program managers. Is that "real"? Specifically, the decision was made to delay funding for a [redacted] Follow-on. NFIP funding was denied for [redacted] on technical grounds and questions of its national utility. Conversely CFI chose to put more money into [redacted] technology based on the recommendations of the Intelligence R&D Council.

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One "real impact" that is never assessed is the impact of IC Staff involvement with program manager staff's in examining issues that never surface to higher levels, in debating and sharpening alternatives, in merely keeping the process "honest." While there is no way to estimate how much the program submissions were reduced as a result of staff activity, some feel for the impact can be derived from knowing that several hundred issues were addressed by IC Staff program monitors.

etc

IA

Question 1g: Issue identification process.

Issues arose basically from four sources: ICS preliminary reviews, at the request of a member of the CFI, by expectation of OMB or Congressional interest, or by a program manager. Once identified, issues were then refined and sharpened by various levels of staff debate and the process of creating issues papers for consideration.

64

IA

Question 1h: Upon what requirements were resources allocated?

Resources are allocated against requirements set forth in Perspectives, DCID 1/2, program and resource guidance, and the requirements statements of NFIB and the DCI committees.

16%

IA

Question 11: To what extent did the principals play?

The CFI met twenty times in ten months including nine days of program review and decision meetings in July and two days of budget review and decision meetings in November. The principals participated fully and actively debated all issues.

Question JA2: Did the CFI "establish policy for the management" of the NFIP or did it largely buy off on existing management?

The current structure of the NFIP dictates that the elements of the NFIP, other than CIA, must operate in two management arenas, the CFI (PRC) and the Department/Agency of which it is a part. It is, therefore, necessary for the CFI (PRC) to tailor its management process to the extant mechanisms of the Departments/Agencies to insure compatibility with their management information systems, financial accounting systems and the schedule and format of their budget submissions. Within these limitations, and constrained by the procedural growing pains already described, the CFI established policy by issuance of CFI Directives concerning (1) program and review process; (2) the Intelligence Research and Development Council; (3) CFI administrative arrangements, and (4) Congressional relations, budget appeals and reprogramming procedures. In addition, the CFI established policy for the management of the NFIP through its decisions, study directives, and the issuance of program and resource guidance.

The fact that the CFI did issue "policy for the management" of the NFIP is proof that it can. Its problems are those relating to establishment of the CFI as a decision-making body and the need to interface with the management systems of the Departments/Agencies of which the components of the NFIP are a part. These do place limits on what the CFI can do but do not preclude effective direction of the management of the programs. This is clearly a CFI function and the IC Staff as the CFI staff is the logical focal point for development of policy and management alternatives for the CFI (PRC) to consider.

Question JA4: National/Tactical

The question of national versus tactical intelligence remains clouded in semantic confusion. Many address the problem in terms of the ultimate users of intelligence information--usually throwing in a category of Departmental to confound the issue. Unfortunately, most items of intelligence usually serve many masters in some way--policy-makers, force structure analysts, weapons systems analysts, and tactical commanders in the field.

More pertinent however to discussion of management relationships is the distinction which derives from who should best justify the existence of such a capability and the budget to sustain it. The national intelligence entity, whatever its form, should not and probably would not, justify and support tactical reconnaissance units for national purposes, even though some of their intelligence take may contribute to the national effort. Therefore, a category can be designated tactical including, for example, all tactical intelligence units assigned to and an integral part of the field Army, Fleets, and numbered Air Forces. All others should be included in the NFIP because their existence in some way is justified by their contribution to the national effort. The category often referred to as Departmental is really an artificial one in that the activities involved, whether foreign policy analysis in State, or weapon systems, or force structure analysis in Defense, are only subsets of the overall National Security Policy that national intelligence supports. The close proximity of the Departments to what we consider the National area (i.e., SecDef, a Department head, is by virtue of his post, a member of the NSC) argues against making a distinction between Departmental and National. It may have been a useful panacea to get a law passed in 1947, but it no longer serves a useful purpose in today's world of acknowledged departmental interdependency.

Hence, there can be a clear distinction and the interfaces and analysis of overlap and unwarranted duplication could be facilitated.

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Question JC.1.a.-c.:

See discussion in JA1 above.

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QUESTION: (I C-2) How does ICS perform on "Collection and Production?"

- b. Development of requirements for and assessment of national intelligence collection and production.

COMMENT: In the absence of a national requirements system for human resources collection, past ICS activity in this area has been limited. The Community recognizes that a need for a requirements system for human resources collection is necessary. A national system is provided for in the recently completed National Foreign Intelligence Plan for Human Resources. This system is now under development and will be supported by the Director of Central Intelligence Human Resources Committee and the Human Resources Division of the Intelligence Community Staff.

The assessment of national human resource collection is accomplished by the Human Resources Committee FOCUS Review Programs. The program has been in existence for two years and places emphasis on the evaluation of reporting from U.S. diplomatic missions around the world. The FOCUS program is being strengthened in a number of ways. The HRD envisages a significant increase in this assessment activity.

The Human Resources Committee and HRD are not directly involved in requirements for and assessment of national intelligence production.

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QUESTION: (I C-2) How does ICS perform on "Collection and Production?"

- c. Provision of staff support for collection committees of National Foreign Intelligence Board.

COMMENT: The Human Resources Division is actively committed to support of the DCI Human Resources Committee. The Division Chief is the Chairman of the Committee and his Deputy is Vice Chairman. All professionals have important specific responsibilities for the direction and management of the six subcommittees and advisory groups of the HRC. Much of the work of the secretarial personnel of the HRD is indirect support of the committee and its subelements.

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Question I.C.2.b. -- Development of Requirements for and Assessment of National Intelligence Collection and Production.

1. The development of requirements for imagery collection is an effectively coordinated and continuous Community cycle.
2. The organization of the present imagery requirements management process, through the DCI Committee mechanism, is designed to provide a management structure for imagery collection and exploitation which is centralized under the DCI; provides single point coordinated tasking for collection, processing, and exploitation; involves full formal Community participation; maintains a central audit trail and documentation for requirements actions; utilizes dedicated on-line computer support to Community elements; and above all, provides a requirements management mechanism which is independent.
3. Standing national requirements are developed in consonance with established DCI priorities. Requirements are constantly updated and modified by the entire Community through the DCI Committee mechanism. Ad hoc or special requirements are added as new situations arise. The computerization of the entire requirements management process has improved the inherently complex process of guidance, collection, and assessing collection accomplishments. Planned refinements of management systems will enhance this capability, and make assessments even more timely.

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I.C.2.b. How does the ICS perform on development of requirements for and assessment of national intelligence collection and production?

Historically, DCI substantive and resource management guidance documents provided to the Community by the ICS for current operations and for planning and programming were not issued at such times as to maximize their utility, they did not address current-, mid-, and long-range guidance adequately, nor were they related to one another in a total systems context.

Efforts to refine and improve Community planning have culminated in the recent development of a more cohesive and comprehensive National Foreign Intelligence Community Guidance and Planning System. Included is a proposal to establish a DCI Committee to participate in the development, operation and maintenance of the system. The three major elements of the system, which focus on the current-, mid-, and long-range periods, are:

- components of the current element include a substantive overview, a priorities and requirements framework, lists of requirements, Key Intelligence Questions and Goals and Objectives;
- components of the mid-range element include Perspectives for Planning and Programming, an intelligence strategy and a projection of changes in priorities over the next five years; and

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- the long-range element will be a study which projects the world environment and identifies related intelligence implications out to a 20-year horizon.

The refined Community Planning System should be a more effective mechanism for the DCI in exercising his responsibility for the coordination and direction of Intelligence Community activities. It will outline the scope and dimensions of the nation's substantive intelligence needs, both topically and geographically. The system of documents will set the stage, from the DCI's perspective, for current and future intelligence operations and for program development.

The IC Staff also has the responsibility for continually assessing--in consultation with the NSC Staff--the requirements of major users of intelligence products, and the timeliness and quality of intelligence reporting.

Other mechanisms are available to the DCI with which to evaluate Community performance in the area of intelligence collection. For example, since late 1974, the DCI's Human Resources Committee has conducted the FOCUS Review Program--an interagency program to review reporting by human resources of the Community and of other US departments and agencies affiliated with US Missions abroad. The program is carried out on a continuing basis with the full participation of the Department of State. Similarly, evaluations of imagery, satellite and SIGINT systems' performance are regularly conducted by the responsible DCI Committee and ICS offices.

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Apart from these continuous evaluative activities, the IC Staff conducts ad hoc post-mortems of the Community's performance in international crises; and the DCI reports annually on the state of the Community and Perspectives on the future.

These mechanisms perform unquestionably vital functions in an area where, regrettably, too few objective yardsticks to evaluate performance yet exist. The problem thus remains one of addressing such long-standing systemic problems of intelligence as:

- determining better what users really need;
- developing (1) data bases to relate Community funds and manpower to intelligence products; (2) better measures of the utility of specific intelligence products; and (3) analyses which explicitly relate collection, processing, and production resources to intelligence products and user needs; and
- establishing the proper balance of the Community's production effort among data bases, current intelligence, and analysis.

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Question I.C.2.c. -- Provision of Staff Support for Collection Committees
of NFIB (sic!)

The ICS, through its Imagery Division, provides experienced and effective support through a jointly-manned full-time staff supporting each of the major functions of the COMIREX: standing and mission-directed collection and exploitation requirements and guidance; Community-wide requirements ADP support; operational 24-hour tasking of advanced systems.

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Question C4a: Guidance to CFI on national/tactical intelligence relationship

Guidance on this question has been vague and contradictory. E.O. 11905 specifically excludes tactical intelligence from CFI purview, but charges the CFI with providing "guidance on the relationship between tactical and national intelligence." Tactical intelligence is not defined.

The Congress, on the other hand, has increasingly prodded the DCI to get into non-NFIP intelligence matters. In the FY 77 Conference Report, the DCI was directed to review Intelligence-Related Activities (not clearly defined by Congress but implying the inclusion of tactical assets) for unwarranted duplication and for exchange of information.

Clarification of definitions and responsibilities would greatly facilitate future management of both national and tactical intelligence resources.

I.D.2. How well do NIOs work in their extended roles in: liaison with producers and consumers, interface with the IC Staff, collection assessments and requirements?

Recognizing the same variety in individual success, the NIOs also perform well their responsibilities for user/producer liaison, and development of collection/production requirements. Because the NIOs require interagency input to their major estimative papers, the relationship between them and the producers is a close one. However, because interagency products, particularly the more complex and significant NIEs, are high-cost items in terms of manpower and time, tensions can arise between the managers of line production elements and the NIOs over their needs for substantive support. The NIOs continually strive to minimize the disruption to line organizations, with some but not total success. For the same reasons of cost, manpower, and time, the NIOs must insure that the final products are responsive to the critical needs of major consumers. The increased liaison with these users--who are diverse in their responsibility--has helped to make the process more efficient. The relationship between the NIOs and IC Staff is also a close one because of the intertwining responsibilities of the IC Staff to promulgate the KIQs, the NIOs to develop collection and production strategies, and the IC Staff to evaluate the Community's performance in

I.D.1. How well do NIOs work in their production roles on NIEs, Inter-agency Memoranda, alert functions?

The NIO concept, when vigorously adhered to by individual NIOs, provides an appropriate, valuable, and effective service in the intelligence processes of production, collection, and user/producer interface. Overall, the NIOs perform these functions well; however, there is unevenness. Some NIOs by virtue of their personalities, aggressiveness or areas of responsibility are more active and successful than others. The performance of the NIOs in supervising the production of NIEs, NIAMS, Interagency Memoranda and studies, and Alert Memoranda is generally improving. A major complaint about many of these products--particularly NIEs--has been that the estimates were not as relevant to consumers' needs as they could be, i.e., they did not address the important issues before national-level policymakers. The recent emphasis on involving the major users of estimative intelligence during the conceptual phase of organizing the estimate has met with success. The satisfaction of users with the estimative process and products has been higher with this increased interchange of views.

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answering these and other important questions. This relationship works well. The performance of the NIOs in developing substantive collection requirements is generally good, and the IC Staff has had no problems in getting input from the NIOs on assessments of various collection and production activities.

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I.D.3. How well do NIOs work: net judgments

Considering the requirements for issue-oriented national intelligence and the resultant need for increased information exchange between users and producers, the NIO concept is an appropriate and effective one. Because the size of the NIO Staff is very limited, however, it is difficult for any NIO to give full and proper attention to the various responsibilities of production supervision, user/producer liaison, IC Staff interface, and product evaluation. Consideration should be given to augmenting the NIO Staff so that: (1) more inter-agency product drafting can be done by the NIOs, thus reducing disruption to line organizations, (2) more time can be spent by the NIOs themselves in interfacing with consumers and producers, and (3) more time and thought can be given to the evaluation of various Community collection and production efforts. In addition, consideration should be given to creating a mechanism for a collegial review of major estimative products. A reviewing authority, composed of experienced specialists and generalists from both inside and outside of the Intelligence Community, would help insure that estimates are high quality products which focus upon the critical intelligence issues facing the national-level user.

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I. E. NSC

a. Did the NSC provide guidance and direction of national intelligence activities?

The DCI and the Intelligence Community have provided substantial intelligence support in the preparation of Presidential Review Memoranda for submission to the PRC, generally using the NIOs as the interface between the Community and the PRM study groups. This provides the Community with a focus on policy-relevant issues and with the opportunity to make inputs to policy issues which are directly relevant to NSC and Presidential interests. On most PRMs, however, the amount of intelligence support is controlled by the study chairman, since most of the PRMs issued to date have not directly tasked the Intelligence Community. Exceptions are PRM/NSC-2 (SALT), PRM/NSC-6 (MBFR Talks), PRM/NSC-10 (Military Force Posture), PRM/NSC-11 (Intelligence Structure and Mission), and PRM/NSC-16 (Nuclear Testing), in which intelligence elements were assigned specific tasks. In PRM/NSC-10, for example, the Intelligence Community is developing a new assessment of US and Soviet intelligence capabilities.

The PRC has also assumed the budget preparation and resource allocation functions given by E.O. 11905 to the former Committee on Foreign Intelligence. When meeting on intelligence matters, the PRC is chaired by the DCI and includes the Deputy Secretary of Defense, the Deputy Assistant to the

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President for National Security Affairs, and a senior representative of the Secretary of State; it then becomes the Policy Review Committee for Intelligence, or PRC(I). The Intelligence Community Staff acts as the PRC staff in these instances.

The PRC(I) provides a vital focal point for both program and budget activity throughout the annual fiscal cycle. It provides a mechanism for the DCI to deal directly with Community program managers without interfering with operational or command relationships. It also provides an additional element of control over Intelligence Community activities at the NSC level. Decisions of the Committee may be reviewed by the full NSC upon appeal by the DCI or any member of the NSC. Lacking this forum, the DCI would be relegated to the pre-E.O. 11905 situation, where he would be limited to bringing influence (but no authority) to bear on resource decisions which were essentially up to others to make.

The PRC(I) has also allowed for a more straightforward Community relationship with OMB. OMB, like most resource-managers, tends to conduct its activities along organizational lines, dealing with budget entities. The Intelligence Community is not a budget entity in any formal sense. It is a functional activity made up of several budget sub-entities. The OMB, as the President's executive agent for preparing the budget, needs to be able to deal with a single organizational element if it

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is to treat a function explicitly in the budget. The PRC(I) is filling that need. At the same time, it defines the DCI's role and responsibilities without having to adjust, in any formal way, the authority structure of those organizations that are hosts to national intelligence programs and activities.

The NSC Special Coordination Committee (SCC) deals with specific cross-cutting issues requiring coordination in the development of options and the implementation of Presidential decisions. The SCC is also tasked with oversight of sensitive intelligence activities, such as covert operations, which are undertaken on Presidential authority. In addition, it periodically reviews on-going sensitive collection programs, and approves specific sensitive operations resulting from previously approved programs. As indicated earlier, the DCI is spokesman for the Intelligence Community on the benefits to be derived from such programs, but the other members are the principal spokesmen on political and operational risks.

b. Did the NSC conduct substantive semi-annual reviews of policies?

Executive Order 11905 directs the NSC to conduct a semi-annual review of intelligence policies, on-going sensitive intelligence activities, the needs of users of intelligence, and the timeliness and quality of intelligence products. The PRC(I), SCC, and IC Staff are to provide written reports on their activities for each semi-annual review. Only one NSC review has been conducted to date, in December 1976. The IC

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Staff published an extensive analysis of Community strengths and weaknesses to support a December 1976 meeting for the NSC. The meeting ranged over many intelligence matters, but resulted in guidance on only a few specific issues.

c. Net Judgment

The exact role of the NSC in the review of intelligence policy and performance is yet to be spelled out.

QUESTION F: OMB

The OMB/CFI relationship which emerged in fact was quite satisfactory, but achieved only after considerable interaction, trial and error, and some heartburn on both sides.

OMB complained of not being involved in program reviews. Since program development and review is considered an internal management technique, their inclusion was not deemed appropriate. But, full information on programs was offered after the CFI review was completed. This offer was exploited to varying degrees by various OMB budget analysts. They were offered, and where accepted, they received all information available to the IC Staff and the answers to all questions for which answers could be found. Some information requests were caught in DoD defense mechanisms and not honored.

OMB participated fully in joint ICS/DoD/OMB budget hearings for all programs. [redacted] had difficulty adjusting to the new management mechanism (CFI vice ExCom) and were charged by OMB with refusing to provide information necessary for OMB review. This became an OMB issue and required Presidential resolution. Hopefully, this and other lessons of the past year will permit a better OMB/IC relationship following the precedents established in the FY 78 review cycle.

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QUESTION: (II A.2.) Where should Clandestine Service function (clandestine collection and covert action) be housed in the bureaucracy?

- a. Department of State
- b. DOD
- c. Separate entity
- d. Remain within CIA

COMMENT: The CS should be a separate entity under the DCI. The CS should not be organizationally "housed" in CIA. It should be directly responsive to the National Security Council through the DCI with maximum flexibility to respond to important national objectives.

The proper role of the CS is to conduct espionage, counter-intelligence and covert action which other departments and agencies are not able to conduct. The CS should be directed toward the high priority strategic intelligence objectives.

The CS has largely become a current intelligence collector and reporter (political, economic, narcotics, etc.) on a broad range of target areas of secondary priority. The result has been impaired CS strategic effectiveness, erosion of cover, and compromising exposures. Such erosion and exposure occur primarily through non-communist and third world "host country" operations (collection and covert action) of secondary priority. The CS is conducting collection activity which in many cases could be carried out overtly by the Foreign Service or others;

in other cases the target priority does not warrant clandestine collection.

The proposed separation of the CS from CIA would include giving the CS its own administration and support capability. This would help eliminate the debilitating personnel cover and security erosion that occurs through the regular transfer of support personnel into and out of the CS from the overt components of CIA. Separation of the espionage function from CIA as an organization might in turn make cooperation between overt collectors and the national analytical and production offices more palatable and effective.

The CS collection and covert action missions would be redefined to concentrate the bulk of the effort against hard, strategic targets such as the USSR, China, and Cuba, and only selected high priority non-communist country targets, including programs for strategic wartime or crisis contingency operations.

While concentrating the CS on the more limited but vital targets, CIA (Directorate of Intelligence) would strengthen its collection guidance and support apparatus to improve the information-gathering activities of the Foreign Service and related overt collection and reporting assets of the government. This support might include detailing personnel to the Foreign Service to aid in stimulation and management of overt collection and reporting activities at overseas missions.

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This proposal would enable the CS to rehabilitate itself as a true clandestine service, which it no longer is, and place the main responsibility for overt and semi-overt collection of foreign information where it belongs, with strong support from and closer linkage to the national analytical and production elements in CIA.

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Question II.A.4. -- Where should other Collection Elements of CIA be Housed, e.g. . . . NPIC?

NPIC is not a collection organization but a national imagery processing and reporting unit. It is staffed jointly by CIA-DoD, and should retain this joint staffing and a certain degree of autonomy. The organization could remain in a CIA directorate or be attached directly under the DCI, so long as its national identity remains.

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QUESTION Bla: What are his (SecDef's) "national" intelligence responsibilities.

Conceptually it is easier to start by defining his non-national, i.e., tactical intelligence responsibilities. These include the management and direction of intelligence activities of the deployed forces of the United States. He "raises," "trains," and "maintains" such forces, through the Military Departments, and justifies their budgets on the basis of the wartime needs of the forces. He directs such forces in wartime through the JCS and the Unified and Specified Commands. He works with the DCI to ensure that there is no unwarranted duplication between national and tactical assets and a free flow of information derived from such systems to all potential users.

All other intelligence responsibilities of the SecDef are viewed as national in that they contribute to one element or another of the National Security Policy process. Hence such "departmental" responsibilities as force planning and weapons systems analysis are sub-sets of the national effort. His intelligence responsibilities are those of any other element of the Intelligence Community, i.e., to manage national intelligence assets within DoD in accordance with the management structure created for the Intelligence Community whether that be a CFI (PRC) collegial mechanism or a more centralized DCI directed mechanism.